



STATE BOARD OF EQUALIZATION

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Executive Secretary

No. 78/181

October 13, 1978

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 37

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 95814).

SIGNED BY THE GOVERNOR

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 2867 | 1112 | September 25, 1978 | January 1, 1979 |

An act to amend Sections 33327, 33328.4, and 33457 of the Health and Safety Code, to amend Sections 155.14, 211, 214, 221, 251, 254, 255, 325, 531.6, 619, 1605, 1819, 11319, 11354, and 38104 of, and to amend and renumber the heading of Article 4 (commencing with Section 866) of Chapter 4 of Part 2 of Division 1 of, to repeal Sections 254.6 and 259.6 of, and to repeal Article 7 (commencing with Section 891) of Chapter 4 of Part 2 of Division 1 of, the Revenue and Taxation Code, relating to property taxation.

Existing law requires a redevelopment agency to notify local agencies and the State Board of Equalization of certain changes in the boundaries of a proposed redevelopment project.

This bill would specify the period of time within which such notification must be made.

Under existing law, the State Board of Equalization is authorized to charge a fee for the preparation of certain redevelopment plans and boundary changes.

This bill would authorize the State Board of Equalization to charge a fee for providing certain mapping services.

Under existing law, a possessory interest in certain government land, which is subject to taxation, may be reassessed if, after the lien date, the right to enter the land has been suspended due to misfortune or calamity.

SIGNED BY THE GOVERNOR (Contd.)AB 2867 - (Contd.)

This bill would require the local assessor to provide the last known assessee of such possessory interest with an application for reassessment.

Under existing Private Car Tax Law, the tax resulting from certain estimated and escaped assessments and jeopardy assessments bears interest at the rate of $\frac{1}{2}\%$ per month.

This bill would increase such interest rate.

This bill makes technical changes to various provisions of statutory law relating to taxation.

This bill would provide that notwithstanding Section 2231 of the Revenue and Taxation Code, there shall be no reimbursement nor appropriation made by this bill for a specified reason.

The bill would also make additional changes in Sections 531.6, 619, and 1605 of the Revenue and Taxation Code, to be operative only if AB 2411, SB 1464, SB 1656 and SB 1752, respectively are chaptered and this bill is chaptered after such other bills.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 2955 | 1109 | September 25, 1978 | Immediately |

An act to amend Sections 41760.5, 42238, and 84730.5 of the Education Code, to amend Sections 27423 and 51117 of the Government Code, and to amend Sections 434.5, 38202, 38303, 38904, 38905, and 38906 of the Revenue and Taxation Code, relating to timber taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Existing law provides for the special assessment of timberlands for purposes of property taxation and imposes a yield tax on timber.

This bill would revise the method and procedures for the assessment of timberlands, would prescribe community college districts and school districts apportionments respecting timber yield taxes and would permit specified allocations from the State Timber Tax Reserve Fund.

The bill would take effect immediately as an urgency statute.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 3505 | 1084 | September 25, 1978 | January 1, 1979 |

An act to amend Section 4675 of, and to add Sections 2636, 2708, 2772, and 2927.6 to, the Revenue and Taxation Code, relating to taxation.

Under existing law a 6% penalty is imposed on property taxes which are not paid in full prior to becoming delinquent. The tax collector or auditor is authorized to cancel a delinquent penalty on the property, with the approval of the board of supervisors on a finding that the delinquency was due to reasonable cause and circumstances beyond the assessee's control and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, provided the payment is made within 90 days of the first delinquency date or within 30 days after the second delinquency date.

The bill would authorize the tax collector, with the approval of the board of supervisors, to accept partial payments of property taxes and compute the delinquent penalty on the unpaid balance of the tax.

SIGNED BY THE GOVERNOR (Contd.)AB 3505 - (Contd.)

Under existing law, a party in interest in property which has been sold for delinquent property taxes who may claim the amount of the proceeds of the sale which exceed the amount of the taxes and certain costs may assign all or part of such interest, if such assignment describes the subject matter with sufficient particularity to identify the rights assigned.

This bill would specify that such party in interest in property which has been sold for delinquent property taxes may assign such interest only by a dated, written instrument that explicitly states that the right to claim the excess proceeds is being assigned and each party to such assignment has disclosed to the other party to such assignment all facts of which such party is aware relating to the value of the right that is being assigned.

Under existing law, if the excess proceeds from the sale of property for delinquent property taxes has been claimed by any party in interest in such property, such excess proceeds shall be distributed to the parties of interest in such property in a specified order of priority.

This bill would provide that such excess proceeds shall be distributed only to parties of interest in such property who have claimed such excess proceeds.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 955 | 1276 | September 27, 1978 | January 1, 1979 |

An act to amend Section 205.5 of the Revenue and Taxation Code, relating to taxation.

Under existing property tax law, property which is owned by a disabled veteran, or an unmarried surviving spouse of a disabled veteran, as his or her principal place of residence, is exempt from taxation on that part of assessed valuation of the residence which does not exceed \$10,000.

This bill would increase the allowable exemption to \$15,000 for other-wise eligible persons whose incomes do not exceed specified amounts.

The bill would also require the Controller to report the amount of claims of local agencies for state reimbursement of property tax revenues lost as a result of this enactment.

This bill would incorporate additional changes in Section 205.5 of the Revenue and Taxation Code proposed by Assembly Bill 2871 and Senate Bill 1656, to be effective only if Assembly Bill 2871 or Senate Bill 1656 and this bill are chaptered, and this bill is chaptered last.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 1625 | 1120 | September 25, 1978 | January 1, 1979 |

An act to amend Sections 51201, 51231, 51232, 51233, 51238, 51238.5, 51244.5, 51251, 51282, and 51283.3 of, to add Sections 51205.1, 51248.5, 51281.1, 51283.1, and 51283.4 to, the Government Code, and to amend Section 423 of the Revenue and Taxation Code, relating to agricultural lands.

(1) Existing law includes within the definition of "agricultural preserve" compatible uses as designated by a city or county.

This bill would delete that portion of the definition and would permit land within a scenic highway corridor to be included within a preserve under certain conditions.

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SIGNED BY THE GOVERNOR (Contd.)AB 1625 - (Contd.)

(2) Where the boundaries of a preserve are changed, existing law requires notice to adjacent owners.

This bill would require such notice to owners of land under contract within 1 mile of the exterior boundary of the land to be removed from the preserve and would also require such notice to be published.

(3) Existing law requires specified notice be given when a preserve is established.

This bill would require notice as well when a preserve is disestablished, altered or changed.

(4) Existing law permits a county board of supervisors to indemnify a landowner who permits his property to be used for free public recreation.

This bill would so authorize a city council.

(5) Existing law provides that where the initial term of a contract is for 20 years or more, a provision may be included which would automatically extend the term of the contract under certain conditions.

This bill would reduce the initial term necessary for such a contract to 10 years.

(6) Existing law specifies conditions under which suit may be brought to enforce a contract.

This bill would authorize other actions to be brought.

(7) Currently, the board of supervisors of a county or the city council of a city may cancel any contract entered into between a landowner and the city or county, as the case may be, to preserve agricultural land. A fee is charged to make such a cancellation, representing deferred taxes upon cancellation.

This bill would provide for an additional cancellation fee, establish the manner of determining the amount of such additional cancellation fee and provide for a waiver of such additional fee or any portion of it after a finding by the board or council that it would be in the public interest. The bill would establish a special procedure for approval of a petition accompanied by a proposal for a specified alternative use of land.

(8) Existing law provides formulas to be used when assessing land which is enforceably restricted by contract.

This bill would change a portion of such formula. It would also provide for an application fee for a petition to cancel a contract.

(9) This bill would make no appropriation to reimburse local agencies for costs incurred by them under the bill for a specified reason.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 2352 | 1394 | September 30, 1978 | January 1, 1979 |

An act to amend Sections 129 and 215.5 of the Revenue and Taxation Code, relating to taxation.

Under existing law, business inventories qualify for an exemption from property taxation, as specified by the Legislature, pursuant to provisions of the California Constitution which authorize the Legislature to classify or exempt personal property for taxation purposes.

This bill would define business inventories to include goods held by a licensed contractor and not yet incorporated into real property.

SIGNED BY THE GOVERNOR (Contd.)AB 2352 - (Contd.)

Under existing law personal property owned or leased by a noncommercial educational television or FM radio broadcast station is exempt from property taxation.

This bill would exempt the personal property owned or leased by a noncommercial educational AM radio broadcast station from property taxation.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 2411 | 1126 | September 25, 1978 | January 1, 1979 |

An act to amend Sections 29373.1 and 29375.1 of the Government Code, to amend Sections 531.6, 1651, 2610.5, 2611.4, 2821, and 3101 of, and to add Sections 3104.5 and 4986.8 to, the Revenue and Taxation Code, relating to fiscal procedures.

Existing law provides for the establishment of an overage fund in county treasuries, authorizes county officers to deposit in such fund amounts paid to such officers which exceed, by \$1 or less, the amount due the county for any account, and authorize county officers to use such fund to increase the amount tendered to any county officer so as to equal the amount due the county, for any account when a difference in an amount of \$1 or less exists.

This bill would increase the maximum amounts which county officers may either use or deposit in such fund from \$1 to \$5.

Under existing law, any county department, officer or employee may refrain from collecting any tax assessment, fee, penalty or cost owing to the county where the amount to be collected is \$1 or less.

This bill would authorize such governmental entities to refrain from such collection where the amount to be collected is \$5 or less.

If a homeowners' property tax exemption has been incorrectly allowed, existing law authorizes an escape assessment in the amount of such exemption.

This bill would specifically provide for an escape assessment if the property subject to such escape assessment has been transferred or conveyed to a bona fide purchaser for value or to a bona fide encumbrancer.

Existing law requires the county auditor, upon completion of certain duties, to transmit the unsecured property tax roll to the assessor, or to the tax collector, if the duty of making unsecured property tax collections has been transferred to such tax collector.

This bill would eliminate the alternative transfer of such roll to the assessor and would require the county auditor to transmit such roll to the tax collector.

Existing law mandates that the tax collector of every county shall mail a county tax bill or copy thereof to each assessee or fee owner of property on the secured roll each year.

This bill would instead require that a tax bill or copy thereof be sent for all property on the secured roll.

Under existing law, any person filing an affidavit of interest may apply to the tax collector to have any parcel separately valued on the current property tax roll for purposes of paying taxes and the tax collector must notify the local planning commission of the jurisdiction in which the property is situated of all applications for separate valuation.

October 13, 1978

SIGNED BY THE GOVERNOR (Contd.)AB 2411 - (Contd.)

This bill would eliminate the requirement that the tax collector make such notification to the planning commission of such applications for separate valuation.

Existing law establishes procedures for entry of summary judgment for certain delinquent taxes on property on the unsecured property tax roll and provides for interest and certain penalties on such taxes subject to such summary judgment procedure.

This bill would also authorize the imposition of a penalty on such delinquent taxes of any amount equal to any bond premium posted or other costs to enforce such summary judgment.

Existing law provides for the discharge of accountability of any county department, officer charged with the collection of taxes, interest penalties, fees or money owing the county for any reason if the amount is so small as not to justify the cost of collection.

This bill would authorize the auditor to cancel certain small tax assessments if the amount is so small as not to justify the cost of collection.

This bill would make additional changes to Section 2610.5 of the Revenue and Taxation Code which would become operative only if Assembly Bill No. 2085 and this bill are both chaptered.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 2663 | 1388 | September 30, 1978 | Immediately |

An act to amend Sections 408 and 13402, to amend the heading of Chapter 7 (commencing with Section 14051) of Part 8 of Division 2 of, to add an article heading immediately to precede Section 14051 of, to add Article 2 (commencing with Section 14071) to Chapter 7 of Part 8 of Division 2 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law requires a county assessor to disclose information, furnish abstracts or permit access to all records in his office to specified local and state officers and agents.

This bill would require that a county assessor also disclose information, furnish abstracts or permit access to such records to inheritance tax referees.

Under existing Inheritance and Gift Tax Law, as revised by the Tax Reform Act of 1977, gifts made by a decedent are taken into consideration for the purpose of fixing inheritance taxes.

This bill provides that only those gifts shall be considered which were made after December 31, 1976 in the computation of inheritance taxes and shall authorize an inheritance tax credit equal to the gift tax paid on any gift made prior to December 31, 1976, which is included in the computation of inheritance taxes, with certain limitations.

This bill would also provide that there shall be no reimbursement of local agencies for costs incurred by them pursuant to this act for specified reasons.

The bill would take effect immediately as an urgency statute.

SIGNED BY THE GOVERNOR (Contd.)

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| AB 3774 | 1085 | September 25, 1978 | Immediately |

An act to amend Section 7.1 to the Ventura County Flood Control Act (Chapter 44 of the Statutes of 1944, Second Extraordinary Session), relating to water control, and declaring the urgency thereof, to take effect immediately.

Under existing law the Ventura County Flood Control District is empowered to collect fees in any zone as a condition of development of land, but the amount prescribed in any zone, other than a special zone, may not exceed \$400 for each acre of land to be developed.

This bill would increase such limit to \$1,200 for each acre of land to be developed.

The bill would take effect immediately as an urgency statute.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| SB 1744 | 1145 | September 25, 1978 | January 1, 1979 |

An act to add Section 2188.6 to the Revenue and Taxation Code, relating to taxation.

Under existing property tax law, tax liens attach to property on the first day of March preceding the fiscal year for which the taxes are levied. Such lien would attach to an entire condominium project prior to the individual units being initially sold.

This bill would permit the initial seller or buyer of an individual unit in a condominium project to request a separate assessment and tax bill on the unit, in which case the property tax due on the individual unit would constitute a lien solely on such unit, and the property taxes due on other units in the condominium project shall not be a lien on a unit on which there has been such separate assessment.

This bill would provide that notwithstanding Sections 2231 and 2234 of the Revenue and Taxation Code, there shall be no reimbursement nor appropriation made by this bill for a specified reason.

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| SB 1940 | 1104 | September 25, 1978 | January 1, 1979 |

An act to amend Section 423 of the Revenue and Taxation Code, relating to property taxation.

Under existing law, in assessing certain enforceably restricted open-space lands, other than commercial timberland, the assessor is precluded from considering sales data of comparable properties. Instead, in valuing the property by normal assessment procedures, the assessor must use a specified method which capitalizes the income-producing capabilities of the land.

This bill would provide that the parties to an instrument enforceably restricting the land may provide in the instrument that the valuation resulting from the capitalization of income method shall not exceed the valuation that would have resulted by the consideration of sales of otherwise comparable lands.

TO COUNTY ASSESSORS

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October 13, 1978

SIGNED BY THE GOVERNOR (Contd.)

| <u>Bill Number</u> | <u>Chapter Number</u> | <u>Date Signed</u> | <u>Effective Date</u> |
|--------------------|-----------------------|--------------------|-----------------------|
| SB 2241 | 1281 | September 27, 1978 | Immediately |

An act to amend Section 619 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law requires county assessors to notify certain property tax assesseees of increases in the assessed value of such property as shown on the property tax roll.

This bill would specify that such requirement shall not apply to annual increases in the valuation of property which reflect the inflation rate, not to exceed 2%, pursuant to the authority of the provisions of the California Constitution authorizing the annual increase in the valuation of property for tax limitation purposes.

The bill would also make additional changes in Section 619, of the Revenue and Taxation Code, proposed by SB 1656, to be operative on the operative date of SB 1656, only if SB 1656 and this bill are both chaptered and this bill is chaptered after SB 1656.

This bill would take effect immediately as an urgency statute.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:sk
Enclosures